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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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In the Matter of	)	
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Access Charge Reform	)	CC Docket No. 96-262
	)	
Price Cap Performance Review for Local Exchange Carriers	)	CC Docket No. 94-1
	)	
Low-Volume Long Distance Users	)	CC Docket No. 99-249
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	

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MCI WORLDCOM COMMENTS ON THE CALLS PLAN

MCI WORLDCOM, INC.

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MCI WORLDCOM COMMENTS ON THE CALLS PLAN

MCI WorldCom, Inc. (MCI WorldCom) hereby submits its comments on the Notice of Proposed Rulemaking, adopted September 14, 1999, in which the Commission solicits comments on the proposal filed with the Commission by the Coalition for Affordable Local and Long Distance Services (CALLS).

I. Introduction and Summary

Two years after the adoption of the Access Reform First Report and Order,[1] interstate access charges remain far above forward-looking economic cost, with little prospect of significant reductions in the foreseeable future. The "market-based"

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[1]In the Matter of Access Charge Reform, First Report and Order, 12 FCC Rcd 15982 (1997) (Access Reform First Report and Order).

approach is not working,[2] and the access reform process has been stalled by the Commission's slow progress in identifying the implicit universal service support in interstate access.

The CALLS plan offers the Commission an opportunity to get the access reform process moving again. In its current form, however, the CALLS plan's obvious strengths are accompanied by equally obvious weaknesses. The most obvious benefit of the plan is methodological: it drives switched access charges much closer to forward-looking economic cost by appropriately embracing the distinction between usage-sensitive and fixed costs. The lower switched access rates that would result from implementation of the CALLS plan would increase consumer welfare by allowing long distance rates to fall and stimulating demand for long distance calling,

But the CALLS plan fails to justify its application of this methodology in all respects. Rather than scrutinizing the level of LEC access revenues, the CALLS signatories apparently assumed the inflated level of LEC revenues as a given, and then increased it. That, inevitably, leads to an end user charge that is higher than the CALLS proponents have justified. Once the CALLS negotiators had agreed on a reasonable interim universal service fund size and a reasonable interim switched access rate, the only place for the inflated LEC revenues to go was into end user charges.

MCI WorldCom would oppose efforts to modify the CALLS plan by increasing the universal service fund cap or increasing the switched access target rate. At the levels

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[2]Without exception, every price cap LEC is pricing its interstate access services at the maximum permitted by the price cap rules.

specified in the CALLS plan, the universal service fund cap and the target rate are, if not perfect, at least acceptable as interim measures. Accordingly, any modifications to the CALLS plan to address concerns about the level of end user charges should not focus on the universal service fund size or the target rate -- both of which are reasonable. Instead, any modifications to the plan should focus on the overall level of LEC revenue -- which has not been shown to be reasonable.

A modified CALLS plan that addresses concerns about the level of end user charges could be constructed by taking steps to correct the going-in level of the LECs' revenues, and by eliminating the CALLS plan provision that reduces the X-factor to the inflation rate in the later years of the plan. Modifying the CALLS plan in this manner would result in more reasonable end user charges, while at the same time preserving the universal service fund size and the switched access target rate at the levels agreed to by the CALLS negotiators.

II. The CALLS Plan's Universal Service Fund Cap and Target Rates are Acceptable as Interim Measures

The primary benefit of the CALLS plan is that switched access charges would fall much faster than under the current rules. Under the CALLS plan, the average switched access rate would fall quickly from its current level of about 1.1 cents per minute to about 0.55 cents per minute within two years.[3] By contrast, under the current

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[3]Memorandum in Support of the Coalition for Affordable Local and Long Distance Service Plan, CC Docket Nos. 94-1, 96-45, 99-249, 99-262, August 20, 1999, at 34-35 (CALLS Memorandum).

rules, switched access charges would decline only a few percentage points per year, at a rate determined by the X-factor. The annual X-factor driven reductions would do nothing to move switched access rates closer to forward-looking economic cost; at best, the annual productivity adjustments would prevent the gap from growing any larger.

In order to permit immediate reductions in switched access rates, the CALLS signatories have relied on two key concepts. Regardless of whether the CALLS plan is adopted in its current form, these concepts may provide a basis for the Commission to accelerate its progress on access reform issues.

First, the CALLS plan's concept of an interim universal service fund cap allows meaningful access reform to proceed before the Commission's time-consuming universal service proceeding reaches a resolution. While the $650 million interim fund cap agreed to by the CALLS signatories is probably somewhat larger than will ultimately be found necessary to provide "sufficient" support, a fund capped at this level is acceptable as an interim measure. Even if the interim fund is somewhat larger than necessary, this concern is largely offset by the consumer benefits that would result from allowing the access reform process to resume.

Second, the CALLS plan's concept of interim "target rates" allows a substantial and immediate first step towards switched access rates at forward-looking cost, without requiring the Commission to first complete a time-consuming review of cost studies.[4]

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[4]In the Access Reform First Report and Order, the Commission gave two reasons for declining to prescribe interstate access rates to forward-looking cost: (1) its expectation that market forces would drive access rate levels to forward-looking economic cost; and (2) the concern that it was "unclear" whether there was an "accurate and convenient method" for determining forward looking economic cost. Access Reform

While the target rate agreed to by the CALLS signatories -- 0.55 cents per minute -- is still above most estimates of forward-looking cost, it is acceptable as an interim measure. Cutting the average switched access rate to this level would represent a step in the right direction.

A reduction in switched access rates to the target rates specified in the CALLS plan would increase consumer welfare substantially. The lower switched access rates would translate directly into lower long distance rates, stimulating increased demand for long distance calling and saving consumers billions of dollars annually on their long distance bills. As the Commission has noted, high access charges have kept long distance rates higher than they would otherwise be, restricting demand for long distance service and harming long distance consumers.[5]

For evidence that sharply reduced switched access charges would benefit consumers, the Commission need look no further than the pricing trends in the long distance market since the adoption of the Access Reform First Report and Order. In the two years since that order was adopted, MCI WorldCom has led the residential long distance market to lower and lower price points -- for example, in August, 1999, MCI WorldCom introduced a new residential plan that reduced evening calling rates to only 5

First Report and Order, 12 FCC Rcd at 16109-16110. While MCI WorldCom believes that the Commission's concerns about using cost models were misplaced, such concerns would be alleviated by the use of "target rates" that allow a reasonable approximation based on the best current information about the forward-looking economic cost of access.

[5]In the Matter of Access Charge Reform, Notice of Proposed Rulemaking, 11 FCC Rcd 21354, 21377 (1996).

cents per minute. These rate reductions, and similar rate reductions for business customers, have stimulated dramatic growth in long distance calling.

A reduction in access charges to the target levels specified in the CALLS plan would also help preserve competition in the long distance market. When the RBOCs finally meet the pro-competitive requirements of the Act and are granted interLATA authority, they will be both competitors and suppliers to IXCs, giving them an opportunity to engage in a "price squeeze" that would distort competition in the long distance market. By reducing the spread between access prices and the economic cost of access, the CALLS plan's target rates would significantly limit the risk of a price squeeze.

III. Weaknesses of the CALLS Plan

A. The CALLS Plan Increases End User Charges Substantially

While the CALLS plan's reductions in interstate switched access charges would provide substantial consumer benefits, the plan has already attracted significant opposition because it increases end user charges. For example, NARUC recently adopted a resolution that expresses concern with the CALLS plan in its current form.[6]

According to the CALLS signatories' projections, subscriber line charge (SLC) costs would be about $4 billion higher under the CALLS plan than under the current rules. Of this increase, about $1.5 billion represents the effects of folding the residential presubscribed interexchange carrier charge (PICC) into the residential SLC. The

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[6]Resolution on CALLS, Resolution No. 2, 111th NARUC Annual Convention.

remainder of the SLC increase is due to the transfer of certain costs from switched access elements to common line elements and to the effects of foregoing the application of the X-factor to the multiline business SLC.[7] In addition to the higher SLCs, the CALLS plan would also require end users to pay an explicit "USF" end user charge.[8]

Because the CALLS plan allows geographic deaveraging of the SLC, business and residential end users in rural areas will see especially large increases in their end user charges. On the other hand, the CALLS plan's geographic deaveraging provisions may allow a reduction in SLC rates for business users in urban areas, despite the overall increase in end user costs.

MCI WorldCom recognizes the presence of several public policy reasons that might lead to some increase in end user charges as part of a comprehensive access reform plan. For example, MCI WorldCom agrees with the CALLS signatories that the recovery of the LECs' universal service contributions through an explicit end user "USF" charge is most consistent with the Fifth Circuit's recent universal service

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[7]Under the current rules, the multiline business SLC becomes subject to the annual productivity adjustments once the sum of the residential PICC and the residential SLC equals the allowed common line revenues per line. See 47 C.F.R. § 69.152(b)(2). Under the CALLS plan, the X-factor is never applied to the multiline business SLC or to any other common line basket elements.

[8]This aspect of the CALLS plan does not necessarily represent a change from the status quo. In response to the recent universal service decision of the Fifth Circuit of Court of Appeals, the Commission has amended its rules to give the price cap LECs the option of creating an explicit end user USF charge. See 47 C.F.R. § 69.4(d)(2)(i). Moreover, the explicit end user USF charge will be somewhat smaller than originally estimated by the CALLS signatories because the LECs' share of the schools and libraries fund declined on November 1, 1999 (due to the switch from a total revenue to an interstate-only contribution base for the schools and libraries fund).

decision.[9] And the Commission has already concluded, in the Access Reform First Report and Order, that non-traffic sensitive costs should be recovered from flat-rated charges, and end users should bear, where possible, the costs of the loop.[10]

MCI WorldCom also agrees with the CALLS signatories that there is a reasonable basis for shifting a portion of LEC revenue recovery from local switching rates to end user charges. As Sprint and AT&T point out, certain features of the Commission's price cap plan may have inflated local switching rates disproportionately.[11] The Commission has also noted the very high, and increasing, LEC earnings on local switching services, and recently proposed steps to address these concerns.[12] The CALLS plan would address the Commission's concerns about inflated local switching rates in a reasonable manner, by shifting 25 percent of local switching revenues to the common line basket and by targeting X-factor reductions to traffic sensitive rates until the target rate is achieved.[13]

While there may be valid public policy reasons for these changes as part of a comprehensive access reform plan, the amount of the end user charge increase in the CALLS plan has not been justified. The end user charge increase in the CALLS plan is

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[9]CALLS Memorandum at 21-22.

[10]Access Reform First Report and Order, 12 FCC Rcd at 16013.

[11]CALLS Memorandum at 40.

[12]In the Matter of Access Charge Reform, Fifth Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 96-262, released August 27, 1999, at ¶222.

[13]CALLS Memorandum at 39-40.

as large as it is only because the CALLS plan takes the current, inflated level of LEC revenues as a given. During the CALLS negotiations, the LEC signatories apparently made no concessions that would have reduced total LEC revenues, and do not even appear to have rigorously analyzed the level of LEC revenues. Because the current, inflated, level of LEC revenues was taken as a given, every dollar of PICC or switched access reductions had to be offset by an increase in end user charges.

In fact, the CALLS plan would actually provide the LECs with more revenue. Under the terms of the CALLS plan, a LEC's annual X-factor adjustment is reduced from 6.5 percent to the inflation rate once the LEC achieves the target switched access rate.[14] Because most of the large price cap LECs would reach the target rate by the 2001 annual access filing,[15] most LECs would use the lower X-factor in the 2002, 2003, and 2004 annual access filings. In each of these years, use of the lower X-factor would allow the LECs to avoid about $1 billion in access reductions.[16]

It is difficult to see a sound public policy basis for an "access reform" plan that is revenue neutral for the price cap LECs, much less one that gives them more revenue, especially without any thorough review of the basis for the revenue level. It is

[14]Id. at 37.

[15]CALLS Projections, as of July 27, 1999, page 2 (annual revenue reductions of $942 million in the 2000 annual filing, but only $399 million in the 2001 annual filing, $48 million in the 2002 annual filing, $16 million in the 2003 annual filing, and $5 million in the 2004 annual filing).

[16]In the 1999 annual access filing, with the inflation rate at 1.4 percent, the 6.5 percent X-factor generated price cap reductions of about $1.25 billion. Even with a modest increase in the inflation rate, the 6.5 percent X-factor would be expected to provide over $1 billion in access reductions each year.

universally acknowledged that interstate access charges are far above cost. There is no reason why the consumer benefits of lower usage-based access rates should be offset by unreasonably high end user charges.

B. Special Access Rates Would Be Higher Than Under Current Rules

Offsetting a portion of the additional switched access reductions that the CALLS plan would provide, special access rates would actually be higher under the CALLS plan than under current rules. Under the Commission's current rules, special access rates would be reduced each year by the application of the X-factor to the trunking basket PCI. By contrast, under the CALLS plan, special access rates would essentially be frozen at their current levels.[17]

Given the LECs' current practice of pricing their services, including special access, at the cap, it is almost certain that the LECs would take advantage of the higher ceiling permitted by the CALLS plan. And, it is almost certain that the LECs would take advantage of the higher ceiling by charging more for the least competitive special access services -- channel termination circuits and special access services in rural areas.

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[17] In the early years of the CALLS plan, the price cap LECs would target the X-factor reductions that would otherwise be applied to special access rates to switched access rates instead. Then, once the "target" switched access rate is achieved, special access and all other rates are frozen because the X-factor is reduced to GDP-PI.

C. The CALLS Plan's Universal Service Funding Mechanism is Inconsistent with the Universal Service First Report and Order

The CALLS plan uses embedded cost principles to determine the amount of universal service support available to each price cap LEC. In essence, each LEC would receive sufficient support to deaverage its SLC rates in a revenue-neutral manner. If a LEC's deaveraged SLC rates would be above the $7.00 or $9.20 SLC caps in high cost areas, the LEC would be permitted to recover the difference between the calculated SLC rate and the SLC cap from the universal service fund.[18]

While the CALLS plan's interim universal service fund size, capped at $650 million, is acceptable on an interim basis, the CALLS plan's embedded cost approach to determining each carrier's universal service support is fundamentally inconsistent with the principles adopted in the Universal Service First Report and Order. In that order, the Commission found that embedded costs "provide the wrong signals to potential entrants and existing carriers," and that only forward-looking costs send the correct signals for entry, investment, and innovation.[19] The Commission recently reaffirmed the use of a forward-looking cost approach in the Universal Service Seventh Report and Order.[20]

In the months since the CALLS negotiations ended, the Commission has completed work on the synthesis cost model and has used outputs from this model to

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[18]Because of the $650 million cap, the LEC may not receive the full amount.

[19]In the Matter of Federal-State Joint Board on Universal Service, Report and Order, 12 FCC Rcd 8776, 8899-8900 (1997) (Universal Service First Report and Order).

[20]In the Matter of Federal-State Joint Board on Universal Service, Seventh Report and Order and Thirteenth Order on Reconsideration, CC Docket No. 96-45, rel. May 28, 1999, ¶¶ 50-54 (Universal Service Seventh Report and Order).

determine federal support for intrastate rates.[21] Given that work on the Commission's cost model is complete, it is now possible for the CALLS plan to be modified to use forward-looking cost principles to compute each carrier's support.[22] This would ensure that the available support is "sufficient" and that it sends the correct signals to potential new entrants.

IV. Any Modifications to the CALLS Plan Should Address the Inflated Level of LEC Revenue

Because the revenue-positive nature of the CALLS plan forces such significant increases in end user charges, there is likely to be significant pressure from the parties who will pay these inflated charges to modify the plan, despite the fact that CALLS has asked the Commission to accept the plan without modification. NARUC, for example, has already indicated that it is willing to work with the CALLS signatories to revise the plan.

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[21]In the Matter of Federal-State Joint Board on Universal Service, Tenth Report and Order, CC Docket No. 96-45, rel. November 2, 1999; In the Matter of Federal-State Joint Board on Universal Service, Ninth Report and Order and Eighteenth Order on Reconsideration, CC Docket No. 96-45, rel. November 2, 1999.

[22]MCI WorldCom notes that AT&T has used the Commission's synthesis model to estimate that the universal service funding requirement, using forward-looking cost and assuming that one-third of lines are in the highest-cost zone, is $613 million. CALLS Memorandum n. 63.

A. Any Modifications to the CALLS Plan Must Preserve the Target Rate and the $650 Million Universal Service Fund Cap

There is no way to moderate the end user charge increases and yet preserve the CALLS plan's 0.55 cents per minute target rate and $650 million universal service fund cap -- as long as the plan as a whole is revenue positive for the LECs. Without any adjustment to the overall LEC revenue level, the end user charge increases can only be moderated by (1) selecting a higher target rate (or perhaps stretching out the transition to the target rate); or (2) increasing the universal service fund size.[23] Increasing the universal service fund size is essentially equivalent to increasing the target rate, given that IXCs would make the bulk of the contributions to the universal service fund.[24]

MCI WorldCom would oppose modifications to the CALLS plan that increased the switched access target rate, stretched out the transition to the target rate, or increased the universal service fund cap. At the levels currently specified in the CALLS plan, the universal service fund cap and the target rate are, if not perfect, at least acceptable as interim measures. The $650 million universal service fund size is "sufficient" to support universal service, based on the best current estimates; if an unnecessarily large "interim" fund is established, political pressures will make it almost impossible to shrink the fund to a more reasonable size when the five years are up. The 0.55 cents per minute target

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[23]End user charge increases could also be moderated by leaving part or all of the residential PICC as an IXC charge, rather than folding it into the SLC. This approach would require a number of changes to other elements of the CALLS plan, including the geographic deaveraging mechanism and the universal service mechanism.

[24]MCI WorldCom assumes that the CALLS plan's universal service fund will be funded through assessments on interstate end user revenues.

rate represents a significant step in the direction of forward-looking cost; a higher target rate would force consumers to pay higher long distance rates and would open the door to a LEC price squeeze.

If the CALLS plan's end user rates are too high, it is because the CALLS participants apparently made no attempt to "size" the LEC "revenue requirement." As a result, once the CALLS negotiators had agreed on a reasonable universal service fund size and a reasonable target rate, the only place for the inflated LEC revenue to go was into end user charges. Any modifications to the CALLS plan to address concerns about the level of end user charges should focus not on the universal service fund size or the target rate -- both of which are reasonable -- but on the overall level of LEC revenue under the plan -- which has not been justified.

B. Modified CALLS Plan

The Commission could create an interim access reform plan based on the CALLS model, but with lower end user charges, by correcting the inflated level of LEC revenues assumed by the current version of the CALLS plan. In all other respects, including the target rate and the universal service fund cap, the revised plan could be much the same as the current version of the CALLS plan. A lower LEC "revenue requirement" would translate directly into lower end user charges, given that the revenues received from switched access and the universal service fund would be the same as in the current version of the CALLS plan. For every $1 billion reduction in total LEC revenue, average monthly end user charges would be about $0.50 per line lower.[25]

To correct the inflated level of LEC revenue under the CALLS plan as currently constructed, the Commission's first step should be to adjust the LECs' going-in revenue level. The LECs' current revenue level is overstated for clearly identifiable reasons that the Commission has ample authority to correct:

- ***Inflated initial price cap rates***

  The recent Accounting Safeguards Division (ASD) continuing property records (CPR) audits demonstrate that the RBOCs' initial price cap rates were inflated by the effects of billions of dollars in "phantom" plant investment.[26] The overstated plant investment inflated the projected 1990-91 revenue requirement used to develop the RBOCs' initial price cap rates. By inflating the initial price cap rates, the RBOCs' CPR deficiencies have inflated all subsequent rates charged by the RBOCs, including their current rates. The Commission should immediately initiate enforcement proceedings based on the ASD audit reports, and should require the RBOCs to reduce their PCIs to eliminate the effects of plant

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[25]According to the most recent price cap LEC Tariff Review Plan data, annual SLC demand is slightly less than 2 billion (total annual demand for multiline business, Centrex, primary residential and single line business, nonprimary residential and BRI ISDN, and Lifeline). Accordingly, every $1 billion reduction in revenue requirement would translate into an average SLC reduction of about $0.50 per line per month.

[26]See In the Matter of Continuing Property Records Audits, Orders, ASD File No. 99-22, rel. March 12, 1999. Similar concerns have also been raised about GTE's continuing property records. See GTE Telephone Operating Companies; Release of Information Obtained During Joint Audit, Memorandum Opinion and Order, 13 FCC Rcd 9179 (1998).

overstatement on the initial price cap rates. The Commission should also complete Phase Two of the CPR audits, covering "plug-ins," and Phase Three, covering outside plant.[27]

- ***Understated X-Factor***

  In the early years of the price cap plan, the Commission's assessment of the productivity growth achievable by the price cap LECs was consistently conservative. Even now, the 6.5 percent X-factor understates LEC productivity growth because it is a total company, rather than interstate-only, productivity measure. The Commission should modify its price cap formula to reflect true interstate productivity which, using the studies accepted by the Commission in 1997, equates to a productivity offset of 9.2 percent.[28] The Commission should also require a one-time adjustment back to 1995 based on the higher productivity factor.

- ***Incorrect Use of "g/2" in the Common Line PCI Formula***

  Due to the use of the "g/2" factor in the common line PCI formula, the price cap LECs were given undue credit for growth in minutes per line. The Commission admitted in the First Price Cap Performance Review Order that "it is not necessary to create price cap incentives for LECs to increase growth in common

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[27]The ASD audits completed to date covered only hard-wired central office equipment, which represents only about one-quarter of the RBOCs' plant investment.

[28]See MCI WorldCom Comments, CC Docket No. 96-262, October 26, 1998, at 27-35.

line usage, because they have little influence over such growth."[29] Because current PCIs are a function of past PCIs, the incorrect use of the g/2 factor over many years is embedded in the current PCIs. Just as the Commission reinitialized the price cap indexes to correct for the inclusion of the 1984 data point in the productivity study used to set the initial X-factor,[30] the Commission should reinitialize the common line basket PCIs to correct for past use of the g/2 factor.

The Commission's second step should be to eliminate the CALLS plan provision that reduces the X-factor to GDP-PI when the target rate is achieved. The principles of price cap regulation require that the price cap be adjusted to reflect LEC productivity growth, in order to ensure that rates remain in a zone of reasonableness.[31] Rather than reduce the X-factor to GDP-PI once the target rate is achieved, the modified CALLS-type plan should revert to applying the X-factor to all baskets -- common line basket, traffic sensitive, and trunking -- once the target rate is achieved. Under this approach, end user rates would decline over time through the application of the X-factor, special access rates would be lower than under the CALLS plan, and switched access rates would continue to fall even after the target rate was achieved. Further switched access

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[29]Price Cap Performance Review for Local Exchange Carriers, First Report and Order, 10 FCC Rcd 8961, 9078 (1995).

[30]Id. at 9069-9070.

[31]In the Matter of Policy and Rules for Dominant Carriers, Second Report and Order, 5 FCC Rcd 6786, 6787 (1990).

reductions, even after the target rate has been achieved, would reflect the fact that LEC productivity gains will continue to drive down the LECs' cost of providing local switching and transport services.

Finally, the Commission could consider a variety of steps to mitigate the impact of geographic deaveraging on end users in rural areas. For example, the Commission could adopt limits on the annual increase in end user charges in the highest-cost zone. Such a phased approach to deaveraging could be modeled on the rules adopted for transport deaveraging in the expanded interconnection orders;[32] in those orders, the Commission found that limits on the rate at which transport rates could be deaveraged were necessary to ensure that customers in higher cost areas were not harmed by sudden price increases.[33]

The Commission could also condition deaveraging authority on the availability of the unbundled network element "platform" and the enhanced extended link. Due to the geographic deaveraging provisions of the CALLS plan, the largest increases in end user charges would be faced by customers in areas with the fewest competitive wireline facilities.

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[32]The Commission limited the annual change in transport rates in any zone to +5 percent/-10 percent, relative to the change in the price cap index.

[33]Expanded Interconnection with Local Telephone Company Facilities, Second Report and Order and Third Notice of Proposed Rulemaking, 8 FCC Rcd 7374, 7430-7431 (1993) ("[Z]one pricing bands limit the magnitude of rate differentials between zones and permit their gradual introduction so that customers in higher cost areas are not harmed. Without zone pricing bands, the LECs could greatly reduce prices in one zone, while drastically increasing them in another . . .")

V. Conclusion

The CALLS plan's universal service fund cap and target rate are acceptable on an interim basis. Any modifications to the CALLS plan intended to moderate the end user charge increases should focus on reducing the overall level of LEC revenue.

Respectfully submitted,
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November 12, 1999

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on November 12, 1999.

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CERTIFICATE OF SERVICE

I, Vivian I. Lee, do hereby certify that copies of the foregoing Comments were sent via first class mail, postage paid, to the following on this 12th day of November, 1999.

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